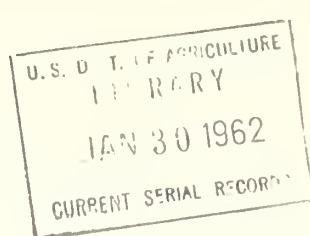


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The Organization of the Wholesale Fruit and Vegetable Market in **BOSTON**



Marketing Research Report No. 515

UNITED STATES DEPARTMENT OF AGRICULTURE
Economic Research Service,
Marketing Economics Division, in cooperation with
Maine Agricultural Experiment Station



Growth Through Agricultural Progress

FOREWORD

This is the first in a group of reports under the general title "Organization of Wholesale Fruit and Vegetable Markets." Later reports--including several to be published by cooperating agricultural experiment stations--will describe other markets throughout the Nation. A final report will summarize the reports on individual markets and analyze the present organization of wholesale fruit and vegetable markets, changes which have taken place, and the outlook for the years ahead. This is part of a program of research designed to broaden understanding of the food marketing system and, thereby, to make it more efficient.

Earlier reports under this project include: The Changing Role of the Fruit Auctions by Alden C. Manchester, Marketing Research Report No. 331, June 1959. Chainstore Merchandising and Procurement Practices: The Changing Retail Market for Fresh Fruits and Vegetables by William E. Folz and Alden C. Manchester, Marketing Research Report No. 417, July 1960.

Further research is now underway on the impact of changes taking place in the organization and operation of wholesale fruit and vegetable markets on shipping-point markets, including growers, packers, and shippers.

Definitions of many of the terms used in this study will be found in the appendix.

The Fruit and Vegetable Division of the Agricultural Marketing Service was most helpful in planning and conducting this study.

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Washington, D. C.

January 1962

HIGHLIGHTS

The Boston wholesale produce market is the Nation's fifth largest and is probably its oldest. Net sales of Boston firms (excluding resales to firms in the market) were 73,400 carlots in 1958. These included 15,600 carlots which did not physically pass through the Boston market, but were sold by Boston wholesalers to wholesalers and chainstores in other markets.

The dominant types of firm in the market are the receivers and commission merchants. They sell about one-half of the produce in the market. Chainstores buy 20 percent of the total market unloads directly from shipping points and another 15 percent from wholesalers in the market.

The Boston Market Terminal sale is one of three in the Nation. Sales are made on the Terminal platform on the basis of samples, and deliveries are made direct from rail cars and trucks to buyers. Nearly 16,000 carlots were sold on the Terminal in 1958. Another 3,900 carlots were sold at the fruit auction, consisting almost entirely of citrus and deciduous fruits and tomatoes. The Boston auction is one of two in the country successfully conducting a tomato sale.

The Boston wholesale produce market was composed of 221 firms in 1958, including 27 receivers, 30 commission merchants, 65 jobbers of all types, 14 purveyors, 35 repackers and prepackagers, 24 buying brokers, 5 selling brokers and auction representatives, 5 sales agencies, and 7 chainstores.

The large wholesalers -- each selling 500 or more carlots -- sold 73 percent of the market volume, excluding chainstore sales. Small wholesalers -- those selling under 200 carlots each -- handled 12 percent of the volume. Most of the large firms are receivers and commission merchants. Most of the small firms are jobbers, repackers, and prepackagers.

Gross margins of wholesale handlers in Boston averaged 12 percent of sales. Those of brokers and agents averaged 2.7 percent. Chainstore margins, which include both the wholesale and retail functions, averaged 26.9 percent of sales. Salaries and profits of owners and officers of firms classified as wholesale handlers averaged \$9,000 per year per person.

The annual volume of fresh fruits and vegetables received in Boston has declined about 14,000 carlots during the past 30 years, largely due to a decline of about 7,000 carlots in imports and 5,000 carlots in receipts of nearby produce. The import business has been shifted to other ports, mostly New York City, and the volume of fruit and vegetable production in the area surrounding Boston has declined sharply over the period. During the past 10 years unloads have been fairly constant, as have sales at the Terminal.

The number of wholesalers in the Boston market declined about 14 percent between 1939 and 1958. The decline has been chiefly in receivers, commission merchants, and jobbers. The selling broker business has also declined. The number of repackers and prepackagers has more than doubled over this period. The buying broker business, much of it for Canadian wholesalers, has increased modestly.

Direct receipts of chainstores increased about 10 percent between 1936 and 1958 while total receipts in the market, excluding imports, declined about 5 percent. Sales at the Terminal declined 10 percent during this period.

THE ORGANIZATION OF THE WHOLESALE FRUIT AND VEGETABLE MARKET IN BOSTON

By Alden C. Manchester, Agricultural Economist
Marketing Economics Division
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The Boston wholesale fruit and vegetable market is the fifth largest in the Nation. It provides fresh fruits and vegetables for a metropolitan area of over 3 million people plus a substantial portion of the population of northern New England and the Canadian Maritime Provinces. Boston wholesalers and chainstores sold 73,400 carlots of fruits and vegetables in 1958, excluding resales among themselves.

This report describes the organization and operation of the Boston wholesale fruit and vegetable market, the buying, selling, and operating practices of the wholesalers in the market, and the changes which have taken place during the past 30 years. It is a part of a nationwide study of the organization and operations of wholesale fruit and vegetable markets made by the Marketing Economics Division of the Economic Research Service to describe and appraise the current status of wholesale markets and the changes which have taken place in them. This study should provide firms in the wholesale markets, shipping-point marketing firms, farmers, and interested citizens and public agencies with a better understanding of the forces at work in the marketing system for fresh fruits and vegetables. It will furnish a basis for making better decisions in adjusting to the changes which are taking place throughout the structure of marketing.

The basic data for this study were obtained by personal interviews with over 3,000 wholesale firms in 52 markets throughout the United States during 1959 and 1960. Most of the interviews were made by personnel of the U. S. Department of Agriculture, but much assistance was generously given by agricultural experiment stations. The study in the Boston market was made in cooperation with the Maine Agricultural Experiment Station.

All firms in the market were classified as to type, commodity specialization, and volume, on the basis of a combination mail-and-telephone survey. A random sample of firms from each group was interviewed. All firms with a volume of 300 or more carlots were interviewed. Specified percentages of smaller firms were interviewed.

Data on changes in the market were obtained from a variety of sources which are listed in the references at the end of this report. They include unload reports of the Market News Service, the Census of Business, the Produce Packer Red Book, and earlier studies of the market by the Department of Agriculture.

MARKET AREAS

There are three major market facilities in Boston -- the Boston Market Terminal, the fruit auction, and the Charlestown potato shed. The Faneuil Hall Market area is the fourth important district in the market. Most fruits and vegetables arrive at one of these points or at the chainstore warehouses which are scattered about the metropolitan area. In 1958, total receipts of fresh fruits and vegetables in the

Boston wholesale market were about 55,000 carlots. In round numbers, these were distributed among the various market areas as follows, counting only the point of unloading receipt in the market:

	<u>Carlots</u>
Boston Market Terminal	<u>1/</u> 15,000
Fruit auction	3,900
Charlestown potato shed	4,700
Faneuil Hall Market area:	
Farmers' market	5,300
Other firms in the area	10,700
Chainstore warehouses	14,000
Firms elsewhere in the market	1,400
Total	<u>55,000</u>

These figures do not include direct purchases by retailers, processors, or consumers from farmers or shippers of produce, except those at the Faneuil Hall farmers' market. They also include sales by Boston firms to out-of-town buyers of produce not passing through the Boston market.

Boston Market Terminal

The Boston Market Terminal is the most important part of the wholesale market, in terms both of volume and of influence on prices and market conditions. Its three buildings -- erected by the New York, New Haven, and Hartford Railroad in 1927 -- have been owned by a corporation made up of members of the trade since early 1953. Before that, it was under railroad ownership and only rail shipments were allowed on the terminal, but since 1953 truck shipments also have been permitted. About a quarter of the volume arrived by truck in 1958.

The Terminal sale is conducted under rules established by the Boston Market Terminal Company, which sets opening and closing hours for selling and limits the time period during which deliveries must be made. Samples are taken from the cars or trucks and placed on the terminal floor. A number of sample containers are opened and the merchandise "conditioned" for exhibition, so that the buyers can inspect the merchandise. Each selling firm has one or more salesmen on the floor. All of the buyers are admitted at the opening hour. Most of them make a circuit of the terminal floor, inspect the samples and obtain price quotations from the salesmen. Some then place an order. Others -- probably most buyers -- engage in at least a minimum amount of bargaining, the amount depending on market conditions, the relative bargaining strength of buyers and sellers on a given day (a "buyers' market" vs. a "sellers' market"), and personal inclination.

Opening price quotations are often adjusted as the sale progresses, to bring prices into line with those being asked by others, to "clean up" a car, or to "stretch out" supplies which appear to be short. Buyers will quickly tell a salesman if his prices are higher than those being asked by others.

^{1/} Not including about 800 carlots which were sold at the terminal but reconsigned to buyers, mostly chainstores and prepackagers in the Boston area, and unloaded at one of the other points in the market.

A sales ticket is written when each transaction is completed. Deliveries are usually made direct from car or truck, although occasionally merchandise is unloaded on the terminal floor and delivery is made from that point. The buyer has the right to reject the merchandise at delivery, if he finds it does not measure up to the quality which was implied by the sample displayed on the floor.

Almost every commodity received in the Boston market is sold at least in token quantity at the terminal. The biggest part of the business is in vegetables other than tomatoes, which are sold primarily on the auction, and Maine potatoes sold mostly at the Charlestown potato shed. Some types of fruit are sold mainly at the terminal and others chiefly at the auction.

There were 34 firms receiving produce on the terminal in 1958. Some of these firms had offices in the terminal building and others had stores in the Faneuil Hall area. The 8 largest firms accounted for 62 percent of the volume, the next 8 largest for an additional 27 percent. The remaining 18 firms handled only 11 percent. The 34 terminal handlers included:

- 12 receivers
- 17 commission merchants
- 2 commission wholesalers
- 3 repackers

Of the 16 firms doing the greatest volume of business, 7 were receivers, 8 commission merchants, and 1 a commission wholesaler. 2/

Fifty-two firms had places of business at the terminal (table 1). They sold nearly 24,000 carlots of produce, including some merchandise which did not pass through the terminal and substantial quantities which were bought by jobbers or buying brokers from terminal receivers.

The Fruit Auction

The fruit auction is located a few blocks from the terminal in its own building on the tracks of the New York, New Haven, and Hartford Railroad. It is owned in large part by members of the trade. Produce is received by both rail and truck, with about 40 percent arriving by truck in 1958. Until 1953, the auction was located in facilities of the Boston and Maine Railroad in Charlestown.

Like auctions in all other major markets, the sales volume has declined over the years. However, since moving from Charlestown, the Boston auction has developed a substantial business in tomatoes. It is one of two auctions in the country successfully conducting a tomato sale. Over 40 percent of its volume was in that commodity in 1958. The rest of the volume is almost entirely fruit, the biggest share being California citrus, followed by Florida citrus and western deciduous fruits.

All commodities except juice grapes are unloaded on the auction platform before the sale and a sample of containers is opened for inspection. Buyers have the right to open additional containers. The actual sale is conducted under a complicated set of rules and practices which represent rather substantial modifications of methods used at a country auction. These rules have evolved over a long period

2/ See p. 35 for definitions.

Table 1.--Number of firms and volume handled by market area and type of firm, Boston, 1958

Type of firm	Boston Market Terminal				Terminal area 1/				Faneuil Hall Market area				Charlestown				Other areas			
	Firms		Volume		Firms		Volume		Firms		Volume		Firms		Volume		Firms		Volume	
	No.	lots	No.	lots	No.	lots	No.	lots	No.	lots	No.	lots	No.	lots	No.	lots	No.	lots	No.	lots
Receiver.....	10	5	9,156	3	2	6,340	8	6	7,532	5	3	1,860	1	0	3/					
Commission.																				
Merchant.....	10	3	4,366	-	-	-	18	5	7,862	1	1	3/	-	-	-					
Commission whole-																				
salers.....	1	0	3/	-	-	-	1	1	3/	-	-	-	-	-	-					
Service jobber...	-	-	-	-	-	-	1	0	3/	-	-	-	-	4	0	628				
Wholesale grocer.	-	-	-	-	-	-	2	0	3/	-	-	-	-	-	-					
Jobber.....	14	0	735	1	0	3/	27	1	3,518	-	-	-	13	0	302					
Jobber (delivery):	-	-	-	-	-	-	1	0	3/	-	-	-	5	0	581					
Truck jobber.....	-	-	-	-	-	-	-	-	-	-	-	-	1	0	3/					
Purveyor.....	-	-	-	-	-	-	10	0	1,007	-	-	-	4	0	168					
Prepackager;																				
repacker.....	-	-	-	1	1	3/	25	0	1,810	1	0	3/	8	2	2,891					
Carlot distributor	-	-	-	-	-	-	-	-	-	3	2	3/	-	-	-					
Buying broker....	11	2	3,194	5	0	790	9	0	1,334	-	-	-	-	-	-					
Selling broker...	4	3	3/	-	-	-	-	-	-	-	-	-	-	-	-					
Auction																				
representative..	-	-	-	1	1	3/	-	-	-	-	-	-	-	-	-					
Coop. sales agency	2	2	3/	1	1	3/	-	-	-	-	-	-	-	-	-					
Importers sales																				
agency.....	-	-	-	-	-	-	1	1	3/	-	-	-	1	1	3/					
Auction.....	-	-	-	1	1	3,919	-	-	-	-	-	-	-	-	-					
Wholesalers....	52	15	23,922	13	6	15,017	103	14	26,552	10	6	4,221	37	3	9,022					
Chainstores.....	-	-	-	1	1	3/	-	-	-	-	-	-	6	4	3/					
Grand total....	4/	52	15	23,922	14	7	3/	103	14	26,552	10	6	4,221	43	7	3/				

1/ Firms in the area near the terminal but not in the terminal building. 2/ "Large" firms are those selling 500 or more carlots. 3/ Withheld to avoid disclosure of information concerning individual firms. 4/ Firms are classified by location of office or store. Many firms do business in more than one location.

of time and are designed to provide equitable treatment of all bidders while respecting the rights of the sellers. Each seller is represented by a broker or other representative during the sale.

Juice grapes are sold directly out of the railroad cars. Until 1958 the sale was held in the grape yards on the Boston and Maine tracks in Charlestown. In 1959 the sale was moved to the New Haven tracks a few blocks from the auction building.

Faneuil Hall Market Area

The Faneuil Hall Market area was the first market in the city, dating back to 1742 when the original Faneuil Hall Market was completed. The building was destroyed by fire in 1761, rebuilt in 1763, enlarged in 1805, and is still in use. The New Faneuil Hall Market, now called the Quincy Market, was opened for business in 1826. The two original buildings are now primarily retail markets, although some small wholesalers operate out of basement facilities.

Most of the wholesale firms occupy privately-owned buildings on the streets facing the original buildings or on nearby streets. A farmers' market is conducted on the sidewalks and streets adjacent to the Quincy Market. Farmers arrive on the market between 6 p.m. and 3 a.m. and stay until their produce is sold, often mid-morning. Many sales are made by agents acting for the grower. Some of these agents are farmers who sell their own produce plus that of their neighbors. Others are strictly sales agents who perform the selling function for a number of farmers for a commission or fee.

In the Faneuil Hall Market area there are many types of wholesale firms. Many terminal operators have their offices and stores here, and sell in both locations. Substantial amounts of produce are trucked from the team tracks in the terminal area to the Faneuil Hall area. In addition, much produce arrives by truck at wholesale stores in the area. There are no railroad facilities in the Faneuil Hall area.

In 1958, 103 produce wholesalers were located in the Faneuil Hall Market area (table 1). Some of these also sell on the terminal, the auction, or the Charlestown potato shed. In total they sold 26,552 carlots of fruits and vegetables in 1958. The biggest part of the volume was sold by receivers and commission merchants. A substantial portion of the business of the commission merchants was in local produce. The greatest numbers of firms were jobbers, repackers (mostly tomatoes), commission merchants, and purveyors.

Charlestown Potato Shed

The Charlestown potato shed is owned by the Boston and Maine Railroad and is located on their tracks in the Charlestown section of Boston, across the Charles River several miles from the other parts of the market. Ten firms operated there in 1958: 5 receivers, 1 commission merchant, 1 prepackager, and 3 carlot distributors. (This includes only firms whose principal business was at the potato shed. Several other firms also do some business there.)

The Charlestown potato shed is primarily a selling and redistribution point for Maine potatoes. About three-fourths of the potatoes received in 1958 were diverted from rail to truck because the rate structure made a combination rail-truck shipment less expensive than either straight rail or straight truck.

Chainstore Warehouses

The 5 chainstore warehouses are spread out all over the metropolitan area. One is within a few blocks of the terminal, others in various cities and towns within the metropolitan area. All of them receive both rail and truck shipments at their own facilities.

THE STRUCTURE OF THE MARKET

The Boston wholesale produce market consisted of 221 firms of 22 types in 1958 (table 2). The most numerous are jobbers, repackers and prepackagers, commission merchants, receivers, and buying brokers. The more important types in terms of volume sold are the receivers, the chainstores, and the commission merchants. No other type of firm sells as much as 10 percent of the total.

The 214 wholesalers (excluding 7 chainstores) are heavily concentrated in the smaller size category with 132 firms selling less than 200 carlots, 38 in the middle group, and 44 firms selling 500 or more carlots apiece in 1958. The 44 large firms sold 73 percent of the total. The 132 small firms sold 12 percent of the volume. Receivers, brokers, carlot distributors, and sales agencies are concentrated in the large size group. Jobbers, purveyors, repackers, and buying brokers are mostly small firms.

Firms buying from shipping point tend to specialize in one or more classes of produce. Those who sell to retailers or institutional outlets generally handle a full line. The receivers are mostly specialists (table 3). However, there are 5 quite large general-line receivers, averaging 1,800 carlots each. Roughly a third of the commission merchants in each size category carry a general line of fruits and vegetables. The jobbers are mostly either banana jobbers or general-line operators. A few specialize in other commodity groups.

Inter-firm Relationships

Twenty-four firms in the Boston market own or control -- either through the firm itself or through the principals of the firm -- a total of 25 other firms in the produce business (table 4). These 25 consist of: 3 packinghouses or shippers, 7 farms, 12 wholesalers, and 1 retail store in the Boston market, and 2 jobbers in other markets. The principal owners of these businesses are receivers, commission merchants, and repackers or prepackagers.

In addition to firms owned by Boston wholesalers, 10 firms in the Boston market are owned or controlled by out-of-town firms. The majority of these are local offices of multi-unit brokers or sales agencies (table 5). Receivers in other markets own or control a receiver, a commission merchant, and a repacker in Boston; a shipping-point firm owns one receiver.

The 23 Boston firms owned or controlled by other firms sold 17 percent of the total volume in the Boston market in 1958, or 22 percent of the sales volume of wholesalers (excluding chainstores). Eleven of the 13 had sales volumes of 500 or more carlots, ranging up to several thousand carlots. Only 2 were in the middle-size-group and none in the less-than-200-carlot group.

Table 2.--Number of firms by size and type, and volume handled, by type of firm, Boston wholesale produce market, 1958

Type of firm	All sizes			Size of firm, by annual volume of sales			Percent of each type's volume	Firms	Percent of each type's volume	Firms	Percent of each type's volume	Firms	Percent of each type's volume
	Firms	Carlots	Percent of market	Firms	Less than 200 carlots	200 to 499 carlots							
Receiver.....	27	25,064	26	4	2	9	16	89					
Commission merchant....	30	13,032	13	14	11	21	9	68					
Commission wholesaler..	2			1	12	-	7	1					
Service jobber.....	5	2,509	3	2	35	65	3	-					
Wholesale grocer.....	1			1	100	-	-	-					
Institutional grocer...	1			1	100	-	-	-					
Jobber.....	54	4,855	5	45	45	1/44	8	1/					
Jobber (delivery).....	6	1,051	1	5	56	-	1	-					
Truck jobber.....	1			1	100	-	-	-					
Purveyor.....	14	1,175	1	12	47	53	2	-					
Prepackager; repacker..	35	6,492	7	29	33	13	3	54					
Carlot distributor.....	3	1,300	1	1	1/	-	-	1/					
Buying broker.....	24	5,318	5	16	30	34	6	36					
Selling broker.....	4	5,400	5	-	-	8	1	92					
Auction representative..	1			-	-	-	-	100					
Auction.....	1	3,919	4	-	-	-	-	100					
Coop. sales agency.....	3			-	-	-	-	100					
Importers sales agency..	2	8,621	9	-	-	-	-	100					
Subtotal.....	214	78,734	79	132	12	15	38	44					
National chain	1	16,413	17	-	-	-	-	100					
Regional chain	2			-	-	-	-	100					
Local chain with warehouse	2			-	-	-	-	100					
Local chain without warehouse.....	2	4,081	4	1	30	70	1	-					
Subtotal.....	7	20,494	21	1	1	2	1	97					
Grand total 2/.....	221	99,230	100	133	10	12	39	49					

1/ Withheld to avoid disclosure of information concerning individual firms. 2/ Total sales of all firms, including resales among wholesalers and to chainstores.

Table 3.--Degree of specialization, Boston wholesale produce market, 1958

Type of firm	Complete line:			Specialized in --		
	Complete line:	Complete line, plus	Several : One group of : Several : commodities : of different	Complete line, plus	Complete line, plus	Complete line, plus
	of fresh : fruits and : vegetables :	of other types : of food :	commodity : classes :	of : One group of : commodities :	A single : commodity :	commodities : of different : classes :
	Percent	Percent	Percent	Percent	Percent	Percent
Receiver.....	18	--	20	11	37	13
Commission merchant....	38	--	46	16	--	--
Commission wholesaler..	50	--	50	--	--	--
Service jobber.....	80	20	--	--	--	--
Wholesaler grocer.....	--	50	--	50	--	--
Jobber.....	53	--	--	--	35	12
Jobber (delivery).....	50	--	--	--	50	--
Truck jobber.....	100	--	--	--	--	--
Purveyor.....	64	7	29	--	--	--
Prepackager, repacker..	--	--	3	38	40	19
Carlot distributor.....	--	--	--	--	100	--
Selling broker.....	50	--	50	--	--	--
Auction representative:	--	--	100	--	--	--
Sales agency.....	20	--	--	40	40	--
Auction.....	--	--	100	--	--	--
Buying broker.....	92	--	8	--	--	--
Total.....	43	1	15	11	24	8

Table 4.--Inter-firm relationships: Boston wholesale produce firms owning or controlling other firms in the produce business, 1958 ^{1/}

Type of firm owned or controlled	Receivers	Commission : merchants	Jobbers	Jobbers (delivery)	Repackers : and pre-packagers	Chainstores	Service : jobbers	Total firms : owning or controlling others
Packaginghouse or shipping:								
firm.....	2	1	-	-	-	-	-	3
Farm.....	1	2	1	-	3	-	-	7
In this market:								
Prepackager, repacker:	3	2	-	-	-	-	-	5
Receiver.....	-	-	-	-	2	1	-	3
Carlot distributor....	2	1	-	-	-	-	-	3
Buying broker.....	-	1	-	-	-	-	-	1
Retail store.....	-	-	-	1	-	-	-	1
In other markets:								
Jobber.....	-	-	-	1	-	-	1	2
Total.....	8	<u>2/ 6</u>	1	2	5	1	1	<u>2/ 24</u>

^{1/} Including ownership or control by principals of firm.

^{2/} Detail does not add to totals, because one firm owns more than one other firm.

Table 5.--Inter-firm relationships: Boston wholesale produce firms owned or controlled by firms outside this market, 1958

Type of outside firm owning or controlling	Receivers	Commission : merchants	Repackers : and prepackagers	Selling : brokers	Sales : agencies	Total Boston : firms owned or controlled by outside firms
Grower, packer or shipper.....	1	-	-	-	-	1
Multi-unit firm.....	-	-	-	1	5	6
Receiver.....	1	1	1	-	-	3
Total.....	2	1	1	1	5	10

Marketing Channels

The Boston wholesale fruit and vegetable market supplies several thousand retail grocery and fruit and vegetable stores, restaurants, hotels, and institutions in the Boston metropolitan area, plus many wholesalers and chainstores and a small number of retailers throughout northern New England and the Canadian Maritime Provinces. The great variety of channels through which fruits and vegetables move are shown in figure 1 and tables 6 to 9.

Over half the volume is sold to firms outside the metropolitan area, but a quantity equal to 27 percent of the unloads bypasses Boston, i.e., it is sold by Boston firms but is delivered directly to out-of-town buyers without passing through Boston. This type of business accounts for one-third of the volume of brokers and distributors, nearly one-half that of sales agencies, and one-fourth that of receivers and commission merchants (table 9). Of the quantity physically received in the Boston market, 35 percent is subsequently sold to firms outside the metropolitan area.

The supply entering the market -- exclusive of sales which bypass Boston -- is divided among the various types of handlers as follows:

	Percent
Receivers and commission merchants	46
Chainstores	20
Brokers and distributors	8
Sales agencies	8
Repackers, prepackagers	8
Retailers	4
Service jobbers, commission wholesalers	3
Jobbers, purveyors	3

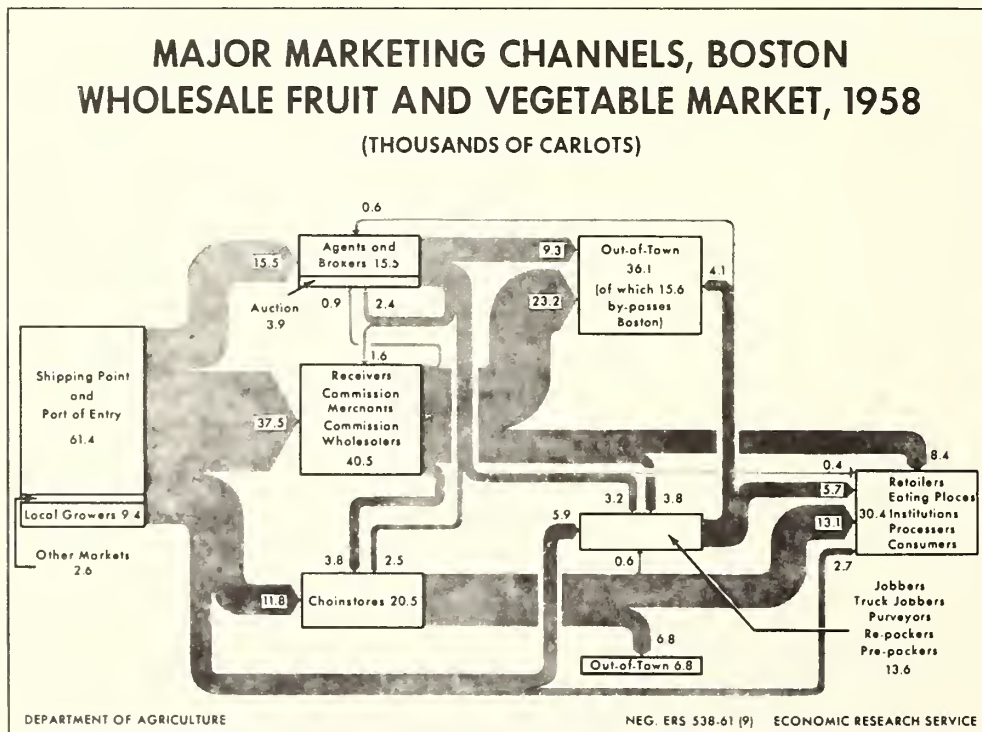


Figure 1

Table 6.--Sources of supply, by class of firm, Boston wholesale produce market, 1958

Class of buyer	Purchases from outside this market					Purchases from		Total	Purchases	
	Direct from shipping point or port of entry	From other terminal markets	From local growers	Imports	1,000 carlots	1,000 carlots	1,000 carlots		from Boston wholesalers	Total purchases
Brokers, carlot distributors.....	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots			1,000 carlots
Sales agencies.....	6.1	0.6	0.2	--	--	1/ 6.9	--		--	6.9
Auction.....	8.6	--	--	--	--	1/ 8.6	--		--	8.6
Receivers, commission merchants.....	--	--	--	--	--	--	3.9		3.9	3.9
Commission wholesalers, service jobbers, wholesale grocers.....	30.4	1.0	4.6	--	--	1/ 36.0	2.0		2.0	38.0
Jobbers and jobbers (delivery).....	1.5	--	2/	--	--	1.5	1.1		1.1	2.5
Truck jobbers.....	0.1	1.0	0.1	--	--	1.1	4.8		4.8	5.9
Purveyors.....	--	--	--	--	--	--	2/		2/	1.2
Repackers and pre-packagers.....	0.1	--	2/	--	--	0.1	1.1		1.1	1.2
	4.6	2/	2/	2/	2/	4.7	1.8		1.8	6.5
Total - wholesalers..	51.4	2.6	4.9	2/	2/	1/ 58.9	14.7		14.7	73.4
Chainstores.....	9.8	--	2.0	--	--	11.8	8.7		8.7	20.5
Retailers, processors, eating places.....	.2	--	2.5	--	--	2.7	27.7		27.7	30.4
Grand total.....	61.4	2.6	9.4	2/	2/	1/ 73.4	51.1		51.1	124.3

1/ Includes produce which bypassed the Boston market. See table 9.

2/ Less than 50 carlots.

The detailed figures in a row or column may not always add exactly to the total because of differences in rounding the individual figures.

Table 7.--Wholesalers' sales to other Boston wholesalers, by class of firm, Boston wholesale produce market, 1958

Class of seller	Type of buyer									
	Auction	Receivers, : commission : merchants :	Commission : wholesalers, : service jobbers, : wholesale : grocers :	Jobbers, : jobbers : (delivery) :	Truck : jobbers :	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
Brokers, carlot	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots
distributors,.....	0.6	0.9	1/	0.2	--	--	--	0.1	1.9	1.9
Sales agencies,.....	1.8	0.4	--	1.3	--	--	--	1/	3.5	3.5
Auction,.....	--	0.2	0.1	0.8	--	--	0.1	0.7	1.9	1.9
Receivers, commission										
merchants,.....	0.9	0.5	0.9	1.9	1/	0.9	0.9	0.4	5.6	5.6
Commission wholesalers,										
service jobbers,	--	1/	--	--	--	--	--	--	1/	1/
wholesale grocers,...	--	--	--	1/	--	--	--	--	1/	1/
Jobbers, jobbers	--	--	--	--	--	--	--	--	--	--
(delivery).....	--	--	--	--	--	--	--	--	--	--
Truck jobbers,.....	--	--	--	--	--	--	--	--	--	--
Purveyors,.....	--	--	--	--	--	--	--	--	--	--
Repackers, pre-										
packagers,.....	0.6	--	--	0.6	--	--	--	--	1.2	1.2
Total,.....	3.9	2.0	1.1	4.8	1/	1.1	1.1	1.2	14.1	14.1

1/ Less than 50 carlots.

The detailed figures in a row or column may not always add exactly to the total because of differences in rounding the individual figures.

Table 8.--Wholesalers' sales to retail outlets, by class of firm, Boston wholesale produce market, 1958

Class of seller	Type of buyer					
	Chainstores	Retail stores, peddlers	Processors, consumers	Eating places, institutions, military	Total	
	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	1,000 carlots	
Brokers, carlot distributors:	0.9	0.1	1/	--	1.0	
Sales agencies.....	1.3	--	--	--	1.3	
Auction.....	0.3	0.2	--	0.1	0.6	
Receivers, commission merchants.....	3.8	5.0	1.0	1.1	10.9	
Commission wholesalers, service jobbers, whole- sale grocers.....	--	0.8	--	0.5	1.3	
Jobbers, jobbers (delivery):	0.5	3.5	0.2	0.2	4.4	
Truck jobbers.....	--	1/	--	1/	1/	
Purveyors.....	--	--	--	1.1	1.1	
Repackers, prepackagers.....	1.9	0.6	1/	--	2.5	
Total.....	8.7	10.3	1.3	3.0	23.3	

1/ Less than 50 carlots.

The detailed figures in a row or column may not always add exactly to the total because of differences in rounding the individual figures.

Table 9.--Wholesalers' out-of-town sales, by class of firm, Boston wholesale produce market, 1958

Class of seller	Type of buyer							Volume bypassing the Boston market	Volume passing through the Boston market
	Wholesalers	Chainstores; voluntary, cooperative Groups	Retailers	Eating places, institutions, military	Total	1,000 carlots	1,000 carlots		
Brokers, carlot distributors.....	3.2	0.8	--	--	4.0	4.0	2.8	1.2	1.2
Sales agencies.....	3.2	0.6	--	--	3.9	3.9	3.9	--	--
Auction.....	1.1	--	0.3	--	1.4	1.4	--	1.4	1.4
Receivers, commission merchants.....	13.8	7.5	0.5	--	21.8	21.8	9.1	12.7	12.7
Commission wholesalers, service jobbers, wholesale grocers...	0.6	0.1	0.6	0.1	1.3	1.3	--	1.3	1.3
Jobbers, jobbers (delivery).....	0.8	0.2	0.5	--	1.5	1.5	--	1.5	1.5
Truck jobbers.....	--	--	--	--	0	0	--	--	--
Purveyors.....	--	--	--	0.1	0.1	0.1	--	0.1	0.1
Repackers, pre- packagers.....	1.5	1.0	--	--	2.5	2.5	--	2.5	2.5
Total.....	24.3	10.1	1.8	0.1	27.3	27.3	15.8	11.5	11.5

1/ Less than 50 carlots.

The detailed figures in a row or column may not always add exactly to the total because of differences in rounding the individual figures.

The chainstores account for 35 percent of the produce passing through the Boston market (20 percent purchased directly from shipping point plus 15 percent from Boston wholesalers) and slightly over half the retail store sales of produce. Nearly a third of their volume is delivered to their stores outside the Boston metropolitan area.

Buying brokers buy 9 percent of the volume, largely for out-of-town wholesalers, including many in the Canadian Maritime Provinces. Their purchases are mostly on the terminal and at the auction.

Buying Methods

Different types of dealers use different combinations of buying methods. On purchases direct from shipping point, the most common method for receivers, repackers, and prepackagers is direct purchase by telephone or wire (table 10). Carlot distributors rely most heavily on their own buyers at shipping points, either salaried or members of the firm. Commission merchants and commission wholesalers naturally receive most of their merchandise on consignment. The chainstores rely heavily on their own buyers, direct purchase by telephone, and buying brokers.

Most purchases direct from shipping point (outside of brokerage and consignment arrangements) are on either an f.o.b. or a delivered basis. The f.o.b. arrangement was the most common method of purchase for 37 firms which received over a third of the volume coming directly from shipping point and the second most common method for another 9 firms. The delivered sale was the most common method for 11 firms accounting for 18 percent of the direct receipts. It was second in importance for 4 firms with 4 percent of that volume. Another 6 firms used various purchase methods involving quality guarantees on arrival.

Functions and Services

Many of the functions performed by the firms in the Boston wholesale market are implicit in the definition of each type of firm given in the final section of this report. Other functions are performed and services provided on the decision of management. Thus some firms deliver. Others do not. Some receivers haul a portion of their receipts from the terminal or the team tracks to their stores. Others do not have a store and sell everything out of the rail car.

Unloading of rail cars and trucks at the terminal is done by Terminal Company employees under conditions specified in the Company's rules and the union contract. The same rules apply to the team tracks in the terminal area. Similarly, cars and trucks are unloaded at the auction by auction company employees. Railroad cars and trucks arriving at the wholesaler's own unloading dock are generally unloaded by the firm's own employees, although truck drivers are responsible for placing the merchandise on the tailgate of the truck where the wholesaler's employees take over. Ten percent of the firms reported that they hired unloading done by stevedores.

About 1,800 carlots -- some 3 to 4 percent of the volume arriving in the Boston market -- were hauled from team tracks or from the terminal to the wholesaler's store before being sold. In general, this was done by firms located in the Faneuil Hall Market area or in other parts of the market where rail sidings were not available. Most of this was done by 7 receivers (600 carlots) and 15 repackers and prepackagers (1,100 carlots). About 65 percent of the volume was transported in the

firm's own trucks, with almost all of the remainder hauled in hired trucks, chiefly of local cartage companies who work at regularly published rates. Repackers and prepackagers relied mostly on their own trucks, while receivers used hired trucks for 60 percent of the amount hauled.

About 15,000 carlots of produce were sold on the terminal in 1958. Only a small portion of this was hauled from the terminal to the store of the receiver; most of it was unloaded directly out of the rail car or truck into the truck delivering it to the buyer. Substantial quantities were also sold out of car or truck at other locations. Sales out of car or truck by various types of wholesale handlers as percent of total sales were:

	<u>Percent</u>
Receivers	60
Commission merchants	52
Commission wholesalers	56
Service jobbers	0
Jobbers	5
Jobbers (delivery)	1
Truck jobbers	100
Purveyors	0
Repackers, prepackagers	15
Wholesale grocers	10
Auction	0
Total - wholesale handlers	40

Sales out of car or truck in these figures include some sales at the auction, principally sales of tomatoes by receivers and repackers.

Most wholesalers deal with a group of regular customers who buy from them fairly consistently from week to week, in contrast to an "in-and-out" type of trade. In this tabulation, sales at the auction are not considered sales to regular customers, which accounts for a portion of the figures for repackers and prepackagers, brokers, and sales agencies.

	<u>Percent of sales to regular customers</u>
Receivers	85
Commission merchants	73
Commission wholesalers	88
Service jobbers	100
Jobbers	89
Jobbers (delivery)	100
Truck jobbers	100
Purveyors	94
Repackers, prepackagers	73
Wholesale grocers	95
Buying brokers	100
Selling brokers, auction representative	80
Sales agencies	74
Carlot distributors	<u>100</u>
Total	79

Table 10.--Percentage distribution of shipping point purchases made by each type of firm, by method of purchase,
Boston wholesale produce market, 1958

Type of firm	Consign- ment	On joint account		Direct		Through shipping point		Through shipping point selling broker		From own or afil- iated shipper or packing- house		Through own salaried buyer		From shipping point farmers', market		Total purchases from shipping points	
		Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Carlota distributor...	--	--	--	31	31	--	--	--	--	--	--	38	--	--	--	100	100
Receiver.....	16	3	--	40	25	1	--	--	15	--	--	1/	--	--	--	100	100
Commission merchant...	75	3	--	13	7	--	--	--	--	--	--	1	--	--	--	100	100
Commission wholesaler, service jobber, wholesaler grocer...	76	--	--	6	18	--	--	--	--	--	--	--	--	--	--	100	100
Repacker, pre- packager.....	1	--	--	54	11	1	--	--	16	--	--	15	1	--	--	100	100
Jobber (no delivery)...	20	--	--	10	8	--	--	--	62	--	--	--	--	--	--	100	100
Purveyor.....	--	--	--	4	96	--	--	--	--	--	--	--	--	--	--	100	100
Wholesalers.....	28	2	2	33	20	1	--	--	11	--	--	4	1/	--	--	100	100
Chainstore.....	--	--	--	33	2/ 30	--	--	--	--	--	--	37	--	--	--	100	100
Total.....	23	2	2	33	2/ 22	1/	--	--	9	--	--	10	1/	--	--	100	100

1/ Less than 0.5 percent.

2/ Including jointly-owned buying agency.

A little over 10,000 carlots were delivered by Boston wholesale handlers to buyers (table 11). This is 18 percent of the sales of all wholesale handlers and 40 percent of the sales of those firms which provided some delivery service. Commission wholesalers and the auction did not deliver. Receivers, commission merchants, and jobbers delivered only a small portion of their volume. Service jobbers, jobbers (delivery), truck jobbers, and purveyors delivered at least three-quarters of their sales.

In general, larger firms were somewhat more likely to provide delivery service than were smaller firms of the same type. This was especially true of repackers and prepackagers. Two-thirds of the large and medium-size repackers and prepackagers provided delivery, while about one-fourth of the small firms -- mostly tomato repackers -- did so.

Over three-fourths of the volume delivered went in the wholesaler's owned or leased truck, with small quantities in hired trucks and farmer's trucks. Most deliveries in hired trucks were made by cartage firms at published rates.

Nearly 8,500 carlots of fresh fruits and vegetables were prepackaged or repacked by Boston wholesale handlers (table 12). This is 15 percent of their sales. Prepackagers, tomato repackers, and receivers did 98 percent of the prepackaging and repacking. Small amounts were also done by service jobbers, jobbers (delivery), and purveyors.

The repackers and prepackagers sold 13 percent of their volume without further handling, much of it on the tomato auction; the remainder was prepackaged or repacked. Ten receivers handling about half the volume of all receivers prepackaged about 2,700 carlots. Five of the repackers and prepackagers were owned by receivers.

The commodities in greatest volume were potatoes and tomatoes. Substantial quantities of celery, citrus, spinach and kale, cole slaw and salad mix, and onions were also prepackaged.

Only a few wholesalers in Boston offer merchandising services. The 5 service jobbers, by definition (see p.) offer at least two such services. A few receivers and jobbers also offer selected services of this type. They suggest selling prices to retailers as do 2 of the large receivers, and 6 of the small jobbers. These 13 firms account for 5 percent of the total sales in the market. The service jobbers and one receiver train store produce personnel for retailers. The service jobbers and 2 receivers offer other merchandising assistance, such as advice on advertising and displays, to retailers. A service jobber and a receiver give advance guarantees of prices for weekend specials, so that retailers can plan an advertising campaign in advance without being worried that prices will rise and catch them in a cost-price squeeze.

Most wholesalers offer credit to their customers. The most common credit terms to buyers other than the institutional trade are 10 days, with 100 firms offering these terms (table 13). Another 37 terms operate on the basis of 7-day credit. Most sales to institutional customers are on the basis of 30-day credit.

Few wholesalers in the Boston market participate in production financing. While 32 firms handling 30 percent of the volume finance production at least occasionally, only 14 of these do so regularly. The others finance occasionally or sometimes make advance payments on shipments. The firms financing production were all receivers or commission merchants, except for 3 repackers or prepackagers and a carlot distributor.

Table 11.--Extent of delivery service by Boston wholesale produce handlers, 1958

Type of firm	Percent of firms providing delivery service	Volume delivered as percentage of sales of --		Percentage of deliveries by --			
		All firms of this type	Firms which deliver some	Firm's trucks	Hired trucks	Other methods	
	Percent	Percent	Percent	Percent	Percent	Percent	
Receiver.....	48	15	24	45	10	1/ 45	
Commission merchant...	17	12	58	73	0	2/ 27	
Commission wholesaler..	0	0	0	--	--	--	
Service jobber.....	100	74	74	100	0	0	
Jobber.....	39	5	22	100	0	0	
Jobber (delivery).....	100	72	72	100	0	0	
Truck jobber.....	100	100	100	100	0	0	
Purveyor.....	71	93	99	100	0	0	
Repacker, prepacker...	34	33	62	100	0	0	
Wholesale grocer.....	50	56	60	0	0	3/ 100	
Auction.....	0	0	0	--	--	--	
Wholesale handlers..	42	18	40	75	4	21	

1/ Method not stated.

2/ The firm arranges direct delivery by farmers to the buyer.

3/ Partly in own trucks and partly hired.

Table 12.--Volume prepackaged or repacked, by type of firm, Boston wholesale produce market, 1958

Product prepackaged or repacked	35 repackers or prepackagers		10 receivers		5 service jobbers		3 jobbers (delivery)		1 purveyor		54 firms	
	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots	Carlots
Potatoes.....	1,787	559	35	6	2,387							
Onions.....	236	100	8	-	344							
Tomatoes.....	1,734	550	25	60	2,369							
Celery.....	341	840	-	-	1,181							
Carrots.....	190	-	-	-	190							
Spinach, kale and beet greens.....	326	330	-	-	626							
Cole slaw, salad mix..	101	320	-	-	421							
Citrus.....	739	-	5	-	744							
Other.....	181	-	-	5	186							
Total.....	5,635	2,269	73	65	8,448							

Table 13.--Number of firms offering credit for various periods to non-institutional buyers, by type of firm, Boston wholesale produce market, 1958

Type of firm	Number of days credit --			
	Seven	Ten	Fourteen	Thirty
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Receiver.....:	2	23	--	--
Commission merchant...:	4	19	1	--
Jobber.....:	10	28	--	7
Jobber (delivery).....:	3	3	--	--
Truck jobber.....:	1	--	--	--
Purveyor.....:	1	--	6	--
Repacker, prepackager:	6	23	--	2
Wholesale grocer.....:	--	--	1	--
Commission wholesaler:	--	2	--	--
Buying broker.....:	7	--	3	--
Selling broker.....:	1	--	--	--
Service jobber.....:	2	1	1	--
Total.....:	37	100	12	9

COSTS AND MARGINS

Marketing margins vary widely from one type of firm to another, depending chiefly on the number and cost of functions performed. Firms which physically handle the merchandise have higher costs than those such as brokers. Gross margins of receivers and commission merchants were about 9 percent of sales, as compared with 21 percent for purveyors (table 14). The former physically handle only 40-50 percent of their produce and deliver little, while purveyors deliver almost all of their sales, in addition to breaking down lots into the small quantities needed by many small eating places and institutions. Repackers and prepackagers have much higher labor and machinery costs than such firms as receivers who seldom open the package in which they receive the produce (table 15).

Chainstore margins of about 27 percent reflect the costs of retailing, warehousing, and delivery. Retailing costs and margins are not included for other types of firms operating at the wholesale level only.

The net profit figures are computed after payment of officers' salaries. For wholesale handlers as a group, excluding the fruit auction, net profits (after income taxes) plus compensation of officers amounted to 2.5 percent of sales, averaging \$9,000 per year for each officer or owner.

The 214 wholesalers have a total of 1,631 employees, including 427 partners and proprietors (table 16). The large firms employ over half of the total. The largest numbers are employed by receivers and commission merchants, who handle most of the volume, and by repackers and prepackagers who have need of large numbers of laborers to grade and package the merchandise.

Table 14.--Costs and margins as percentage of gross sales, by type of firm, Boston wholesale produce market, 1958

Type of firm	Gross margin	Cost of operation	Net profit after Federal income tax <u>1/</u>
	Percent	Percent	Percent
Receiver.....	8.8	8.1	0.6
Commission merchant..	9.2	8.8	0.3
Commission wholesaler, service jobber.....	18.84	18.73	0.03
Jobber.....	11.73 ⁴	11.728	(loss)
Purveyor.....	20.6	22.2	(loss)
Repacker, pre-packagers.....	25.8	23.6	2.1
Average, wholesale handlers <u>2/</u>	12.0	11.3	0.6
Buying broker.....	4.3	--	--
Selling broker.....	1.8	--	--
Distributor.....	8.4	--	--
Auction.....	2.3	--	--
Average, brokers and agents.....	2.7	--	--
Average - all wholesalers.....	10.1	--	--
Chainstore <u>3/</u>	26.9	--	--

1/ Gross margin less cost of operation, less Federal income tax. Income tax not shown separately.

2/ Excluding the auction.

3/ Includes retail store margins.

In general, wholesale handlers in Boston realized margins slightly lower than "target" margins (table 17). The majority of receivers and commission merchants did not aim at any specific margin figure, feeling that their prices were set by supply and demand or that they charged "what the market will bear." The most usual target margin was 10 percent of selling price for receivers, commission merchants, and commission wholesalers. Jobbers, purveyors, repackers, and prepackagers generally aimed at somewhat higher margins because of the additional services which they performed.

THE STRUCTURE OF THE RETAIL MARKET

The Boston retail food market is composed of about 5,300 food stores. Over 2,000 of these are specialty food stores and the remaining 3,200 are grocery stores or delicatessens. Chainstores -- including all organizations owning two or more stores -- own 12 percent of all food stores and make 56 percent of food store sales.

Table 15.--Marketing costs and margins, by type of firm, Boston wholesale produce market, 1958

Item	27 : Receivers	30 : Commission : : merchants	7 : Commission : : wholesalers, : : service : : jobbers	60 : Jobbers	14 : Purveyors	35 : Repackers, : : Prepackagers :	Total
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars
Sales.....	65,179	21,584	3,391	18,919	3,690	15,424	128,187
Delivered cost of goods.....	59,461	19,601	2,752	16,699	2,930	11,429	112,872
Gross margin.....	5,718	1,983	639	2,220	760	3,995	15,315
Costs of operation:							
Payroll:							
Corporation officers.....	657	454	133	653	248	344	2,489
Others.....	2,059	733	234	400	256	1,036	4,718
Buildings and equipment:							
Rent.....	282	89	22	102	18	153	666
Repairs and maintenance...	50	7	14	13	11	128	223
Utilities.....	48	12	10	60	12	82	224
Depreciation.....	89	25	26	151	8	101	400
Equipment rentals.....	98	--	--	11	38	25	172
Store expense.....	34	9	3	2	5	9	62
Total.....	601	142	75	339	92	498	1,747
Cartage, delivery storage...							
Materials and supplies.....	231	60	38	260	34	161	784
Buying and selling expense:	780	81	27	234	11	1,181	2,314
Travel and entertainment...	24	39	10	47	46	68	234
Telephone and telegraph...	190	78	23	54	20	74	439
Inspection.....	26	2	1	--	--	7	36
Advertising.....	31	10	5	9	6	6	67
Total.....	271	129	39	110	72	155	776
Overhead:							
Taxes.....	66	53	20	54	29	60	282
Interest.....	38	15	10	7	5	16	91
Bad debts.....	41	25	2	7	2	12	89
Contributions.....	9	5	1	--	--	--	15
Insurance.....	75	47	28	117	30	100	397
Accounting, audit, legal...	35	22	4	21	24	127	217
Other.....	395	127	24	17	20	49	632
Total costs of operation.....	5,258	1,893	635	2,219	820	3,636	14,461
Net income before income tax...	460	90	4	1	-60	359	854
Net income after income tax...	381	64	1	-7	-61	330	708

Table 16.--Number of employees, by type and size of firm, Boston wholesale produce market, 1958

Type of firm	All sizes	Size of firm, by 1958 sales volume			
		Less than 200 carlots	200 to 499 carlots	500 or more carlots	
		Firms	Employees	Employees	Employees
Receiver.....	27	398	36	51	311
Commission merchant..	30	267	65	70	132
Commission wholesaler, service jobber.....	7	62	27	21	14
Jobber.....	54	191	124	60	7
Jobber (delivery), truck jobber.....	7	46	29	17	-
Purveyor.....	14	87	48	39	-
Repacker, prepackager:	35	433	179	88	166
Total wholesale handlers.....	174	1,484	508	346	630
Selling broker, auc- tion representative:	5	14	-	1	13
Buying broker.....	24	68	26	24	18
Auction sales agency:	6	66	-	-	66
Total brokers and agencies.....	35	148	26	25	97
Grand total <u>1/</u>	209	1,629	514	388	727

1/ Excludes 2 wholesale grocers and 3 carlot distributors.

Table 17.--Realized and "target" margins, Boston wholesale produce handlers, 1958

Type of firm	Average realized margin	Average target margin	Average commission rate quoted	Percent of firms quoting a target margin
	Percent	Percent	Percent	Percent
Receiver.....	8.8	8.9	9.3	24
Commission merchant.....	9.2	10.9	9.6	19
Commission wholesaler, service jobber.....	18.8	8.5	9.8	49
Jobber.....	11.7	11.3	-	52
Purveyor.....	20.6	22.5	-	90
Repacker, prepackager.....	25.8	27.9	-	43

Small chains -- those with from 2 to 10 stores -- have 4 percent of the stores with 11 percent of sales. The large chains with 11 or more stores have 8 percent of the stores and 45 percent of sales.

The Boston market has one of the highest proportions of specialty food stores of any major market in the country. Among the 2,000 specialty stores are 333 fruit and vegetable stores with sales of \$16 million in 1958.

There are 6 chains with 11 or more stores, including 1 national chain, 2 regional chains, and 3 local chains. All of these have produce warehouses and all but one local chain buy some produce directly from shipping point. These 6 chains service 547 stores from their Boston warehouses, including a few independent stores operating on a franchise basis. Deliveries are made to 330 stores in the Boston standard metropolitan area and 217 outside it, including a number in Rhode Island, Connecticut, and southern New Hampshire.

Five local chains have from 5 to 10 stores apiece and none has a produce warehouse. One specializes in fancy grocery items and carries little or no produce. The others are supermarket chains, buying all of their produce in the local market. These firms service 33 stores from their headquarters in the Boston market.

Two chains with 3 supermarkets apiece also operate in the Boston market, in addition to a number of firms with either 2 or 3 smaller grocery stores. One of these firms buys some produce directly from shipping points while the other obtains all of its supplies in the local market.

Only one of the voluntary groups in the market supplies fresh produce to its members. It buys all of its fresh fruits and vegetables from local wholesalers.

THREE DECADES OF CHANGE IN THE MARKET

The total quantity of fresh fruits and vegetables passing through the Boston wholesale market ranged between 53,000 and 56,000 carlots between 1927 and 1932. Between 1957 and 1960, it ranged from 40,000 to 45,000 carlots (fig. 2). This decline of about 14,000 carlots is due mainly to the loss of a substantial import business of about 7,000 carlot-equivalents per year 30 years ago. The biggest part of it was in bananas and Canadian turnips and potatoes. 3/

The second major factor is the drop of about 5,000 carlot-equivalents in annual receipts of nearby produce. The Faneuil Hall farmers' market had about 800 farmers selling on it every day during the nearby season between 1928 and 1933. In recent years, the number has been from 25 to 50. The decline is due both to a decline in production in the area near Boston and to a shift to other marketing channels by local producers.

Receipts at the terminal were about 11,000 carlots in 1927, the first year of operation (fig. 3). They rose to 16,000 in 1936 and to 21,000 in 1947. It is probable that they were somewhat higher in 1946, which was the postwar peak in total unloads. They declined along with total receipts from 1947 to 1951, rose slightly in

3/ Throughout this section, all carlots have been converted to a constant tonnage, equivalent to the average load per railroad car in 1958.

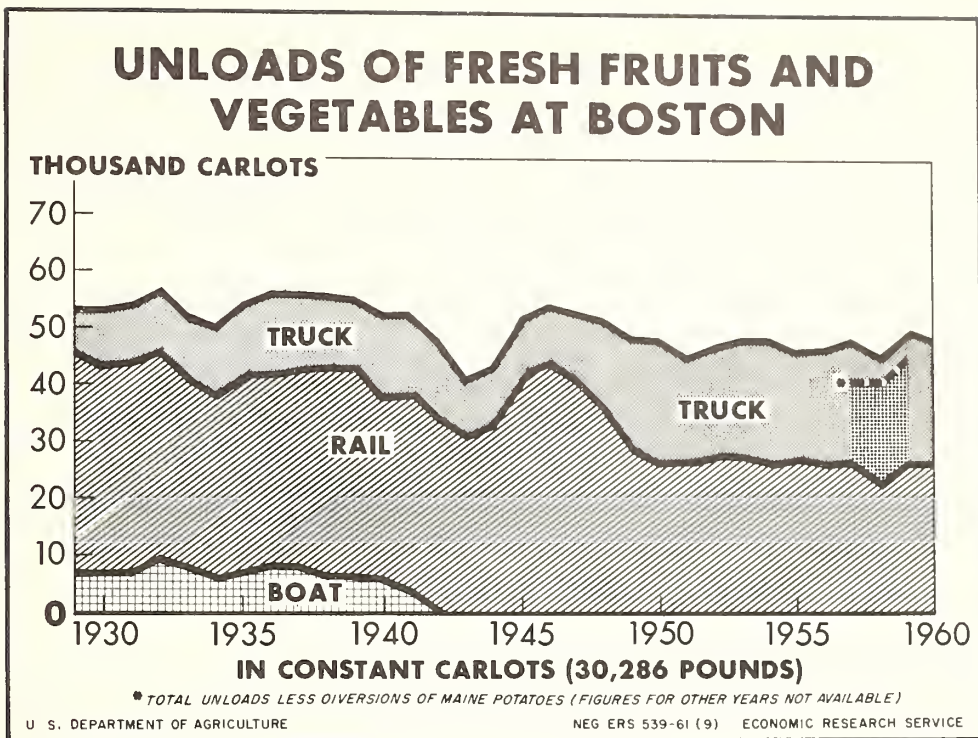


Figure 2

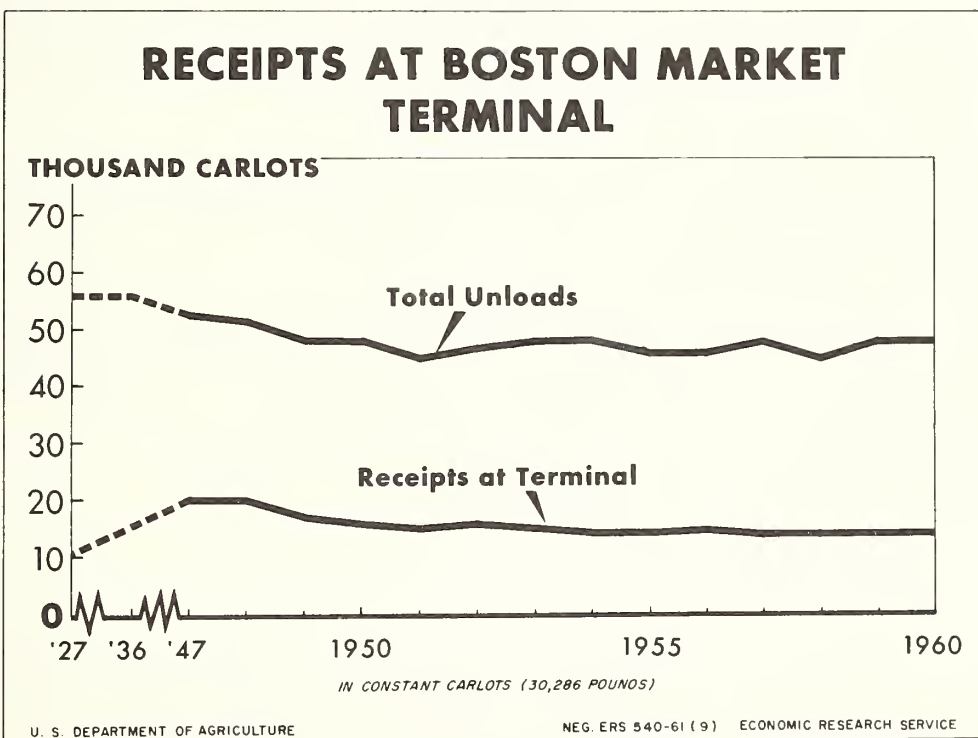


Figure 3

1952, and declined somewhat in 1953 and 1954. Since 1954, they have been quite steady at about 14,500 carlots per year. 4/

Volume on fruit auctions throughout the East and Midwest, where all of them are located, has been declining generally for 30 years, as a larger proportion of fruit bypasses the auctions and goes directly to chainstores and to wholesalers. 5/ Since World War II, this trend has been accentuated by the dramatic shift from fresh to processed citrus. Boston is no exception to the general rule, although the decline has been less in Boston than in many other cities because of the successful introduction of tomatoes to auction selling since 1954. Tomatoes accounted for 36 percent of the volume on the Boston auction in 1958.

Before the war there were two auctions in Boston but since the war, only one. In 1936, over 8,900 carlots were sold on the Boston fruit auctions; by 1958, the volume had declined to a little less than 3,600 carlots (fig. 4).

Both direct receipts and total sales of wholesalers rose between 1936 and 1947 and dropped substantially by 1958. Direct receipts of chainstores were approximately the same in 1936 and 1947 and rose about 12 percent between 1947 and 1958. Total sales of chainstores dropped sharply between 1936 and 1947 and rose again in 1958. 6/

Number, Size, and Type of Firms

A leading trade directory and credit-rating service listed 220 wholesale fruit and vegetable firms in Boston in 1939, 171 in 1948, and 188 in 1958 (table 18). The number of receivers dropped from 114 in 1939 to 92 in 1948 and rose slightly to 93 in 1958. Jobbers declined 50 percent from 1939 to 1948 but rose sharply by 1958. The number of repackers and prepackagers rose steadily over this period, while the number of brokers declined. These classifications are based on the first listing in the trade directory. For most firms, several different types are listed -- often as many as five or six. These types are not always the same as those determined in this study.

The number of chainstores listed as receivers of fruits and vegetables has been fairly steady over the period, while the number of wholesale grocers shown as handling produce rose from 5 in 1939 to 7 in 1948 and then dropped sharply to 2 in 1958.

Some idea of the changes which have taken place over the past decade in the size distribution of firms in the Boston produce market can be obtained from table 19. The comparisons are only approximate since the 1948 and 1954 data are from the Census of Business and the 1958 data are from this study. Also, the Census coverage varied between 1948 and 1954. The 1954 Census included only firms with hired

4/ These figures exclude carlots sold at the terminal but unloaded elsewhere for which historical data not available.

5/ Alden C. Manchester. The Changing Role of the Fruit Auctions. U. S. Dept. Agr., Mktg. Res. Rpt. No. 331, June 1959, 16 pp.

6/ Some caution is in order in interpreting these figures. They were derived from three different studies. While carlots of varying weights have been made comparable, other possible differences could not be taken into account. A comparison of figures 2 and 4 indicates that the 1947 study, in particular, reported a substantially higher total volume in the market than the unload report of the Market News Service, even when the latter is adjusted for under-reporting of truck receipts.

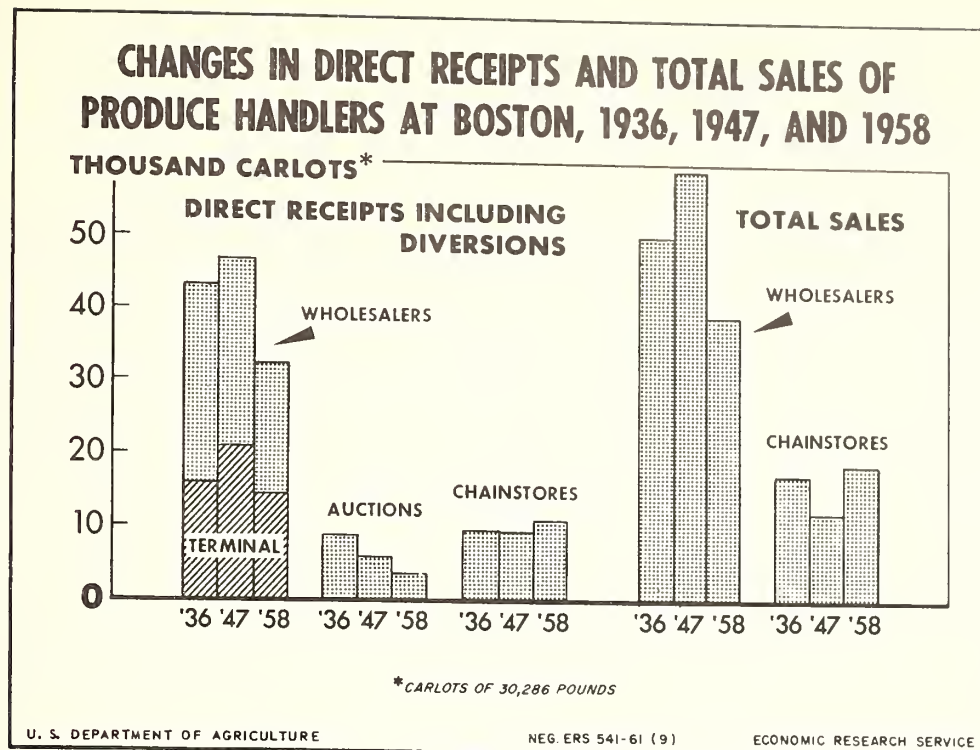


Figure 4

employees (i.e., one-man businesses or those with several partners but no paid employees were excluded), while the 1948 Census included firms with both hired and nonsalaried employees. This may account for most of the decline in the number of firms in the smallest size group between the two years. A further complication is provided by commission merchants, who may be classified as merchant wholesalers or as agents in the Census, depending on which category the wholesaler checks on the form. In 1958 they are all classified as merchant wholesalers, which may account for up to 5 firms with sales of \$1 million or more in 1958 and unknown numbers in other size categories.

Regardless of these problems of comparability, it appears that the number of small firms (with sales of less than \$500,000 per year) has declined significantly during the past decade, while the number with sales of \$1,000,000 or more per year has increased. A small part of this increase may be due to a modest increase in the price level of fresh fruits and vegetables over the past decade.

Entrance and Exit of Wholesalers

The wholesale produce business is relatively easy to enter. Capital requirements are low. Buildings can be rented and, for most types of business, little equipment is needed. Expensive equipment such as trucks can be rented or leased or bought on time payments. This means that new firms are entering the business quite frequently and some old ones are going out. In addition to the turnover in firms, there is frequent turnover in ownership and management. Only a small portion of the firms now in existence -- and some of the Boston firms are over 100 years old -- have been owned by the same persons or the same families over their entire history.

Table 18.--Number of firms, by type, Boston wholesale produce market, 1939, 1948, and 1958

Type of firm	1939	1948	1958
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
Receiver, commission merchant.....	114	92	93
Jobber.....	60	30	43
Repacker, prepackager.....	8	15	18
Subtotal.....	182	137	154
Truck jobber.....	0	0	3
Importer.....	3	1	1
Shipper.....	5	6	4
Total above.....	190	144	162
Broker.....	19	14	13
Buying broker.....	4	2	3
Distributor, sales agency:	5	10	9
Auction.....	2	1	1
Subtotal.....	30	27	26
Grand total.....	220	171	188
Chainstore.....	6	5	6
Wholesale grocer.....	5	7	2
Subtotal.....	11	12	8

Produce Packer Red Book, 1939 and 1948;
Fresh Year Book Issue. The Packer, 1958.

Table 19.--Merchant wholesalers of fresh fruits and vegetables, by annual sales volume, Boston, 1948, 1954, and 1958

Annual sales	1948	1954	1958
	<u>Firms</u>	<u>Firms</u>	<u>Firms</u>
\$5,000,000 or more.....	3	8	4
\$2,000,000 to \$4,999,000.. }	17	2	8
\$1,000,000 to \$1,999,000.. }	22	24	13
\$500,000 to \$999,000..	57	48	26
\$200,000 to \$499,000..	85	88	115
Less than \$200,000..			
All sizes of firms.....	184	170	166

1948 and 1954 data from Census of Business.

Frequently, as the owners reach retirement age they sell out to the junior members of the firm or to others in the produce business, frequently employees of other firms who wish to go into business for themselves.

Of the 196 firms listed as being in the produce business in Boston in 1958 (table 18), 73 were listed in all three years -- 1939, 1948, and 1958; 7 went into business between 1939 and 1948 when they first appeared in the listing; 112 came into the industry between 1948 and 1958; 4 were listed in 1939 and 1958 but not in 1948. Of the 231 firms in business in 1939, 58 were still in business in 1948 but out by 1958; 96 went out of business before 1948. Another 55 went into business between 1939 and 1948 and out by 1958.

Nearly three-fourths of the wholesalers active on the Boston market in 1958 had been in business 20 years or longer. By far the biggest group -- 41 percent -- went into business in the 1930's; 34 percent went into business before 1930; 13 percent in the 1940's; and 12 percent during the 1950's (table 20).

All of the selling brokers, carlot distributors and service jobbers, had been in business at least 20 years; wholesale grocers for at least 30 years; and commission wholesalers, 50 years. The highest proportion of new firms is found among the prepackagers and repackers -- hardly surprising since prepackaging is almost entirely a World War II development. Most of the older firms in this category are either tomato repackers or firms which were formerly of another type -- chiefly receivers and jobbers -- which went into prepackaging in recent years.

Growth and Decline

Many of the changes taking place in the Boston market are mirrored in the figures of growth and decline in the volume of business done by firms of various types.

There were 148 wholesale handlers who had been in business 10 years or longer. One-fourth of these had increased sales volume more than 10 percent in the past 10 years; 16 percent had substantially the same volume in 1948 and in 1958; and 58 percent reported that sales volume had declined more than 10 percent since 1948.

Table 20.--Percentage of firms in business for specified periods, by type of firm,
Boston wholesale produce market, 1958

Type of firm	1 to 4 years		5 to 9 years		10 to 19 years		20 to 29 years		30 to 39 years		40 to 49 years		50 to 59 years		60 years or more		Total
	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	
Receiver.....	4	1	15	7	26	17	13	7	11	100							100
Commission merchant.....	4	1	11	10	28	24	--	--	23	100							100
Commission wholesaler.....	--		--	--	--	--	--	50	50	100							100
Service jobber.....	--		--	--	--	75	25	--	--	100							100
Wholesale grocer.....	--		--	--	--	50	--	--	50	100							100
Jobber.....	--		11	19	55	--	11	--	4	100							100
Jobber (delivery).....	--		--	17	60	--	33	--	--	100							100
Truck jobber.....	--		--	--	--	--	--	100	--	100							100
Purveyor.....	9	1	--	17	38	7	29	--	--	100							100
Prepackager, repacker.....	3	1	24	16	48	--	5	3	--	100							100
Carlot distributor.....	--		--	--	50	50	--	--	--	100							100
Selling broker.....	--		--	--	50	25	25	--	--	100							100
Auction representative.....	--		--	--	--	--	--	--	--	100							100
Sales agency.....	--		--	--	20	20	20	20	20	100							100
Auction.....	--		--	--	--	--	--	--	--	100							100
Buying broker.....	--		--	19	53	8	--	8	11	100							100
All firms.....	2	1	10	13	41	11	10	4	9	100							100

Overall there was fair balance among receivers -- equal numbers reported increases and decreases in sales -- about 40 percent in each group. The decline in commission handling of produce is reflected by the fact that only 8 percent of the firms have increased sales, while two-thirds reported decreased sales.

The traditional jobbing business showed marked declines -- only 6 percent of the jobbers who do not deliver had increased sales and 85 percent had declines. On the other hand, those jobbers who provided additional services -- jobbers (delivery) and service jobbers -- generally had increases in sales.

The increase in prepackaging of produce supported sales increases for 54 percent of the repackers and prepackagers and declines for only 25 percent. In addition, 27 percent of the repackers and prepackagers were new firms, in business less than 10 years.

Purveyors generally reported declining volume. Only 8 percent had increased volume, while 88 percent had lost sales.

The buying broker business -- chiefly for Canadian clients -- expanded moderately. Half the buying brokers had greater sales in 1958 than 10 years earlier, while 41 percent reported that sales were smaller. Only one of the 5 selling brokers (including the auction representative) reported a sales increase, while 3 reported a decline. Half the sales agencies reported larger volume, one-fourth lower. The carlot distributors were evenly divided -- one each reported an increase, no change, and a decrease. The chainstores all reported greater sales.

Changes in Trade Channels

Few firms in the Boston market have changed their sources of supply significantly in the past 10 years. Only 23 percent of the wholesale handlers reported a change; none of the brokers and agents did. One receiver and 5 purveyors reported buying less from local farmers, although, considering the decline in receipts from nearby producers, other firms must have also reduced their buying. Three wholesale handlers reported a smaller volume of consignment business and one an increase.

Auction purchases of 5 repackers had increased, reflecting the introduction of the tomato sale at the auction. These firms had shifted from direct buying at shipping point to auction purchases.

Three of the chainstores are buying a greater proportion directly from shipping point than they were 10 years ago. The others report little change during the past decade.

The decline in numbers of small grocery stores and restaurants was reflected in the experience of Boston wholesalers, particularly jobbers and purveyors. One third of the jobbers and over half the purveyors reported that the number of buyers was smaller than 10 years ago. One or two firms in most of the other categories made similar reports.

Many firms experienced shifts in the importance of different types of outlets during the past two decades. However, in most cases the number of firms reporting declining sales to a given type of outlet was about offset by firms reporting increased sales to that outlet. For example, 5 receivers and 6 commission merchants reported

greater sales to chainstores, but 5 of each type had decreased sales to chains. Similarly, 2 receivers and 5 commission merchants increased sales to independent grocery stores while 5 other receivers and 2 commission merchants had the opposite experience.

Changes in Services

Only 8 percent of the wholesalers replying who had been in business 10 years or more reported making any change in the past 10 years in the services they offer. Most changes were in the direction of increased services, although one large commission merchant reported that he had decreased the amount of delivery service and one large receiver reported that he offered less merchandising assistance than previously.

The 11 firms offering increased services included 3 banana jobbers who reported switching from selling by the bunch to boxing bananas, a large receiver who was making more adjustments in price when customers complained about quality, a large commission merchant who was guaranteeing prices for weekend specials, and a large prepackager who was doing more prepackaging than formerly (i.e., he had gone into the prepackaging business from some other part of the produce business during the past 10 years). Five firms were delivering more than they did 10 years ago, including 2 receivers, a jobber, a prepackager, and a service jobber.

Firms able to make adjustments in their business and to increase the services offered to their customers appear to have done somewhat better during the past 10 years than others. Of the 37 firms which reported increased sales over the 10-year period, 19 percent were furnishing more services. None of the 24 firms whose sales were unchanged made any changes in services. Out of 97 firms with declining sales volume, 4 percent increased services and 2 percent decreased services.

Credit terms in the Boston market have changed little during the past decade. Only 8 wholesalers reported changing credit terms -- 4 purveyors and 1 receiver now have extended credit for a shorter period than they did 10 years ago, while 2 jobbers and 1 commission merchant now grant credit for a longer period. Collections have become increasingly difficult to make even though terms have not changed. Over a fourth of the firms replying said that collection was more difficult, while 4 said that it was easier than 10 years earlier. Half the jobbers found that collection was more difficult, as did a fourth of the receivers, a third of the commission merchants, half the commission wholesalers, and 23 percent of the repackers and prepackagers.

Outlook of Wholesalers

The majority of wholesalers in the Boston market are pessimistic about the future of their type of business. Of the 203 firms replying to this question, 61 percent felt that the outlook was poor, 18 percent fair, and 24 percent good. Another 5 percent felt that the future was too uncertain for them to hazard a guess. Larger firms were more optimistic than smaller firms. The most optimistic types of firms were jobbers (delivery), carlot distributors, and selling brokers. In all other groups, most firms were pessimistic.

Naturally firms which had been losing sales volume during the past 10 years were much more pessimistic than those which had retained or increased volume. Of those whose volume had increased in recent years, 34 percent felt the outlook

was good and 30 percent that it was fair. About 30 percent of those with steady volume were optimistic and 14 percent felt that the outlook was fair. Only 11 percent of the firms losing volume felt that the outlook was good and 8 percent that it was fair.

The managers of new firms -- those in business less than 10 years -- were not much more optimistic than those of older businesses. Only 24 percent of new firms felt the outlook was good, compared with 22 percent of older firms.

Only 15 percent of the wholesalers had any plans to make changes in their operations. These changes included:

	<u>Firms</u>
Expand sales volume	9
Enlarge retail store and drop wholesale	6
Add other commodities	3
Increase delivery service	3
Sell more prepackaged goods	2
Go into a different type of business	1
Move to shipping point	1
Sell more to chainstores	1

Almost as many firms said that going out of business was their only plan.

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APPENDIX: DEFINITION OF TERMS USED IN THIS STUDY

Territory Included in the Market

The territory we define as the market is the standard metropolitan statistical area. The Boston market includes: All of Suffolk County, Mass.; Cambridge, Everett, Malden, Medford, Melrose, Newton, Somerville, Waltham, and Woburn Cities, and Arlington, Ashland, Bedford, Belmont, Burlington, Concord, Framingham, Lexington, Lincoln, Natick, North Reading, Reading, Stoneham, Sudbury, Wakefield, Watertown, Wayland, Weston, Wilmington, and Winchester towns in Middlesex County, Mass.; Beverly, Lynn, Peabody, and Salem cities, and Danvers, Hamilton, Lynnfield, Manchester, Marblehead, Middleton, Nahant, Saugus, Swampscott, Topsfield, and Wenham towns in Essex County, Mass.; Quincy city and Braintree, Brookline, Canton, Cohasset, Dedham, Dover, Holbrook, Medfield, Milton, Needham, Norfolk, Norwood, Randolph, Sharon, Walpole, Wellesley, Westwood, and Weymouth towns in Norfolk County, Mass.; Duxbury, Hanover, Hingham, Hull, Marshfield, Norwell, Pembroke, Rockland and Scituate towns in Plymouth County, Mass.

Firm.--The firm in this study is a separate business operation. It does not necessarily coincide with the legal or other definition of the firm. For example, a single corporation which operated a prepackaging plant and a receiving operation generally would be treated as two firms in this study. The relationships between the two firms so defined is indicated under inter-firm relationships. This type of definition permits us to treat different types of operations as relatively pure single-function firms, rather than trying to handle multiple operations as a single firm which does not fit in any category.

General Terms

Direct purchases from shipping point.--Purchases by the buying firm from sellers located at a shipping point.

Direct receipts from shipping point.--Receipts of produce directly from shipping point, including both direct purchases from shipping point and purchases from brokers, sales agencies, and others in the terminal market where the actual shipment is made directly to the first receiver.

Produce.--Used interchangeably with "fresh fruits and vegetables."

Size of firm:

Large firms.--Those selling 500 or more carlots of produce a year.

Medium firms.--Those selling 200-499 carlots of produce a year.

Small firms.--Those selling less than 200 carlots of produce a year.

Wholesale produce firms:

Wholesale handlers.--Firms which physically handle the merchandise.

Brokers and agencies.--Firms which do not physically handle the merchandise, although they may arrange for such physical handling by others.

The types of firms included in each category are indicated in the lists that follow.

Types of Firms--Wholesale Handlers

Receiver.--Purchases produce for own account usually in full carlots or trucklots. Direct receipts from shipping point account for more than half of his purchases. Performs the physical functions of unloading and handling in his own facilities, on team track, or at the terminal. More than half of his sales are to other wholesalers, chainstore warehouses, or processors.

Commission merchant.--A receiver who handles more than half his volume on consignment from growers or shippers.

Receiver-jobber.--Direct receipts from shipping point are more than half of his purchases. More than half of his sales are to retail stores and institutional outlets. Receives and handles produce in his own warehouse or store.

Commission wholesaler.--A receiver-jobber who handles more than half of his volume on consignment from growers or shippers, often nearby growers.

Service wholesaler.--A receiver-jobber who performs additional services for his customers, the retail stores, such as suggesting retail prices, training produce personnel, and assisting with advertising and merchandising.

Service jobber.--A service wholesaler who buys more than half of his volume from local wholesale handlers.

Wholesale grocer.--A receiver-jobber or service wholesaler whose main line is dry groceries and who does not sponsor a voluntary group or retailer cooperative.

Institutional grocer.--A dry grocery wholesaler whose principal outlets are restaurants, hotels, or institutions.

Jobber.--Purchases more than half of his volume from wholesale handlers in the local market. Sells more than half of his volume to retail stores and institutional outlets. Handles the merchandise through his own store.

The banana jobber is considered a special case and is classified as a jobber, even though he is usually the first receiver in the market. He ripens, cuts, and boxes bananas.

Jobber (delivery).--A jobber who delivers more than half of his volume to his customers.

Secondary wholesaler.--A wholesaler who buys from local wholesale handlers and resells to other wholesalers such as jobbers and truck jobbers. Handles the merchandise and takes title.

Truck jobber.--A jobber who conducts his business from his truck. He does not sell from a store, but usually has a regular customer route, delivering on a fixed schedule.

Purveyor.--A jobber who sells more than half of his volume to hotels, restaurants, and institutions.

Receiver-purveyor.--A purveyor who receives more than half of his volume directly from shipping points.

Auction.--A terminal market fruit auction, which acts strictly as a service agency, providing facilities and organization for selling, handling the merchandise (or arranging for such handling), but having no financial interest in the merchandise.

Repacker, prepackager.--More than half of his volume is in consumer packages. A tomato repacker ripens, sorts, and packages tomatoes.

Merchant trucker.--A trucker who buys at shipping point or in other markets and then hauls his produce in his own truck to the terminal market where he maintains a store or warehouse.

Itinerant trucker.--A trucker who does not maintain a store or warehouse. Usually buys on speculation and hauls to another city where he hopes to resell at a higher price. May operate as a for-hire trucker at one time and as an itinerant trucker at another time.

L. C. L. shipper.--Buys in the terminal market and takes title. Ships less-than-carload lots to wholesalers and chainstores in other markets.

Mixed load shipper.--Buys in the terminal market and takes title. Ships full loads (mostly truckloads) to wholesalers in other markets.

Importer.--Imports produce from foreign countries and takes title.

Commission importer.--An importer who operates on a commission basis.

Exporter.--Buys produce on his own account and ships to foreign countries or to noncontiguous areas of the United States (e.g., Alaska, Hawaii, Puerto Rico).

Packer-shipper.--Receives products directly from farms, packs and ships. Most such firms are, of course, located in the country, but a few are found in markets such as Los Angeles.

Brokers and Agencies

Selling broker.--Negotiates sales on behalf of a number of shippers, but does not take title and does not physically handle the merchandise.

Auction representative.--A selling broker, more than half of whose business is on the fruit auction as a shipper's representative.

Carlot distributor.--Buys and sells full carlots and takes title. He may do some brokerage business as well. Does not physically handle the merchandise.

Distributor.--Buys full carlots or trucklots. Sells in l.c.l. quantities to wholesalers, chainstores, and others. Does not physically handle the merchandise. Sells out of car, either before or after receipt. May do some brokerage business as well.

Terminal broker.--Operates like a selling broker except that he represents buyers rather than sellers, and collects his fee from the buyer.

Buying broker.--Buys in l.c.l. lots in the terminal market, including the fruit auction, for out-of-town wholesalers and chainstores or for local retailers. May arrange for loading and shipment, but does not handle the merchandise himself. In some cases, he may accept the billing for the merchandise (especially when buying for foreign customers, usually Canadian) but this is done as a convenience for the buyer.

Buying office.--A salaried buyer for an out-of-town wholesaler or chainstore. Arranges for loading and shipment but does not handle the merchandise himself.

Import agent.--A broker for imported goods.

Export agent.--A broker for export sales.

Cooperative sales agency.--Salaried representative of a farmer cooperative in the terminal market. Does not physically handle produce.

Importers' sales agency.--Salaried representative of an importer (usually a banana importer) in the terminal market. Does not physically handle produce.

Sales agent.--An independent selling agency for a wholesaler, who receives a commission on sales made for the principal. Typically a one-man operation selling for a purveyor.

Shipper's sales agency.--Sales office for packers and shippers located in the terminal market.

Retail Organizations

Corporate chainstores:

National chain.--The three largest chainstores with warehouse distribution areas over more than half the country.

Regional chain.--A corporate chainstore organization with two or more warehouse distribution areas.

Local chain.--A corporate chain with only one warehouse distribution area.

Local chain without warehouse.--A local chain which does not operate its own produce warehouse, although it almost always operates a dry grocery warehouse.

Voluntary group.--A group of retail stores sponsored by an independent wholesale grocer.

Retailer cooperative.--A wholesale operation owned by member retailers.

